CSR LIMITED SHAREHOLDER REVIEW 2011

THE NEW CSR
A CLEAR FOCUS

CSR

CONTENTS

COVER IMAGE: **GYPROCK PLASTERBOARD**
THIS PAGE IMAGE: **BRADFORD GLASSWOOL INSULATION**

This concise Shareholder Review is not the financial report, directors' report or auditor's report required to be provided to shareholders under section 314 of the Corporations Act 2001. These reports are included in CSR's Annual Report. A copy of the Annual Report is available on CSR's website at www.csr.com.au.

A CLEAR FOCUS ON OUR CORE MARKETS

THE MARKET'S LEADING BUILDING PRODUCTS BRANDS

CSR brings together Australia's leading portfolio of building products brands.

Our brands are among the most trusted and recognised businesses in providing products and services to support our customers across residential and non-residential construction in Australia and New Zealand.

Having sold the sugar business in December 2010, CSR maintains a clear focus on the building products markets of Australia and New Zealand.

With cost efficient manufacturing plants, extensive distribution networks and enduring customer relationships, CSR is a market leader in the Australasian building products industry.

CSR employs around 4,000 people across Australia and New Zealand.

INVESTMENT IN A LOW COST ALUMINIUM SMELTER

CSR generates additional cashflows from its effective 25 per cent interest in the Tomago aluminium smelter, one of the world's lower cost smelters.

Located near Newcastle NSW, Tomago produces some 25 per cent of Australia's primary aluminium production.

Bradford™ for smarter environments
EDMONDS Technologies for a Sustainable Future
cemintel™ fibre cement systems
GYPROCK™
MONIER™ Living in style.
WUNDERLICH™ The lasting beauty of terracotta
PGH BRICKS & PAVERS
FRICKER CEILING SYSTEMS
hebel® The better way to build
Viridian® New World Glass
alutri™ panels
MONIER™ BRICKS & ROOFING

A STRONG PLATFORM FOR GROWTH

REPORTED NET PROFIT AFTER TAX
YEAR ENDED 31 MARCH ($ MILLION)

$503.4m

TRADING REVENUE FROM CONTINUING OPERATIONS
YEAR ENDED 31 MARCH ($ MILLION)

$1,914m

AMOUNT DISTRIBUTED TO SHAREHOLDERS FOR THE YEAR[1]
YEAR ENDED 31 MARCH ($ PER SHARE)

$1.72

EARNINGS PER SHARE FROM CONTINUING OPERATIONS
YEAR ENDED 31 MARCH (CENTS PER SHARE – BEFORE SIGNIFICANT ITEMS)

17.8c

NET PROFIT AFTER TAX FROM CONTINUING OPERATIONS
YEAR ENDED 31 MARCH ($ MILLION – BEFORE SIGNIFICANT ITEMS)

$90.2m

NUMBER OF CSR EMPLOYEES
YEAR ENDED 31 MARCH (EMPLOYEES)

3,925

1 Adjusted for the 3:1 share consolidation.

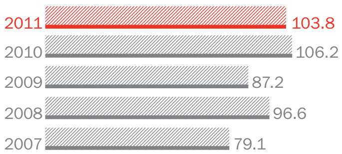
MAIN IMAGE: **HEBEL METAL RODS**

HIGHLIGHTS

- **$90.2 million** – Net profit after tax (before significant items) from continuing operations up by 13 per cent
- **14.3 cents**[1] – full year dividend per share, fully-franked
- **BBB+ stable outlook** – long term credit rating from Standard & Poor's
- **$1,281 million** – net assets post sale of Sucrogen
- **86,000** – number of CSR shareholders

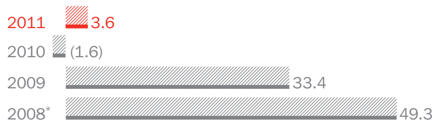
1 Adjusted for the 3:1 share consolidation.

BUILDING PRODUCTS EBIT*
YEAR ENDED 31 MARCH ($ MILLION)



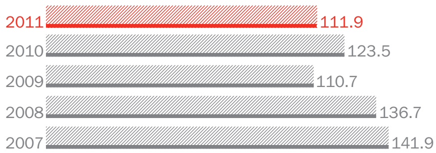
* Excludes Asian insulation

VIRIDIAN EBIT
YEAR ENDED 31 MARCH ($ MILLION)

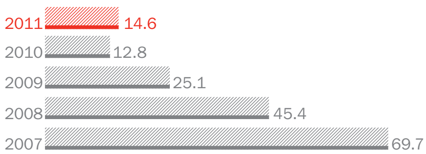


* Includes 9 months of Pilkington, 6 months of DMS

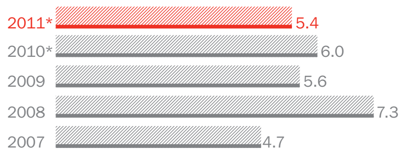
ALUMINIUM EBIT
YEAR ENDED 31 MARCH ($ MILLION)



PROPERTY EBIT
YEAR ENDED 31 MARCH ($ MILLION)

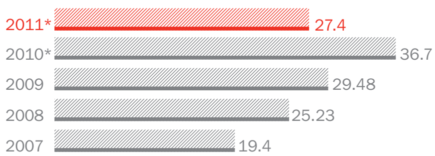


LOST TIME INJURY FREQUENCY RATE
YEAR ENDED 31 MARCH



* Excludes Asian insulation

TOTAL RECORDABLE INJURY FREQUENCY RATE
YEAR ENDED 31 MARCH



* Excludes Asian insulation

IAN BLACKBURNE

A MILESTONE YEAR FOR CSR

The 12 months ended 31 March 2011 was a landmark year in the 155 year history of CSR.

In line with our long held strategy to create additional shareholder value by simplifying our conglomerate structure, we successfully sold the sugar business, Sucrogen, to Wilmar International for A$1.75 billion.

CSR also sold its Asian insulation business to Rockwool Group for A$128 million.

The board believes these transactions are a positive outcome for shareholders.

Firstly, the prices we achieved for these businesses represent very good value.

With total net proceeds of approximately $1.8 billion, CSR was able to return 53 cents per share to our shareholders during the year in a tax effective and timely manner.

We believe this was a prudent return of funds which also enabled CSR to repay all outstanding debt to ensure the company is capitalised to grow its business while also taking into account the interests of all our stakeholders.

Secondly, the consistent feedback from investment markets is that investors prefer to invest in more focused companies. As a result of the separation, CSR now has a solid platform for growth as a focused building products business with an investment in a cost competitive aluminium smelter.

Finally, the transactions ensure that CSR remains in a very strong financial position. This has been a particular focus of the board in steering the company through the global financial crisis and establishing a strong platform for the future.

As a result of CSR's strong financial position, Standard & Poor's affirmed its BBB+ long term corporate credit rating on CSR with a stable outlook.

OPERATING RESULTS

For the year ended 31 March 2011, CSR's reported total group net profit after tax was $503.4 million. This amount includes the part-year contribution and also the profit on sales of the Sucrogen and Asian insulation businesses. Group net profit after tax (pre significant items) for continuing operations (which do not include Sucrogen and Asian insulation) was $90.2 million, an increase of 13 per cent on the previous year.

In a challenging year, which included these company-transforming transactions, it is pleasing to see CSR continuing to improve its underlying business performance.

CSR will also benefit from its low debt profile and resulting savings in finance related costs.

The board has resolved to pay a final dividend of 5.3 cents per share, fully-franked which brings the full year dividend to 14.3 cents per share. This final dividend payment is in addition to the special dividend and capital return payment made to shareholders, bringing the total amount returned to shareholders during the year to $1.72 per share (adjusted for the 3:1 share consolidation).

We have established a new Dividend Reinvestment Plan ("DRP") which will be in operation for the final dividend payable on 5 July 2011.

The DRP gives shareholders a way to increase their shareholding in CSR by reinvesting all or part of their dividend entitlements in more shares rather than being paid in cash.

We had feedback from a number of shareholders about the DRP and we are pleased to once again offer this facility to shareholders.

Shareholders can find further information about the performance and financial results of each of our divisions in this Shareholder Review.

BOARD AND MANAGEMENT

One important aspect in pursuing our separation strategy was to ensure CSR's businesses had greater independence and focus with their own senior management teams.

As part of this strategy, Rob Sindel was appointed CEO of CSR Building Products with a view to becoming the CEO of CSR Ltd once we had completed the separation process. Rob has successfully led our building products business during a very challenging period and was appointed managing director and CEO of CSR on 1 January 2011. Rob succeeded Jeremy Sutcliffe, who was appointed as interim CEO for a period of up to 12 months from 1 April 2010, with the primary responsibility of completing our separation strategy.

Rob is a very experienced executive in the building and construction industry both in Australia and overseas and brings significant expertise to CSR. I wish him every success in his new role.

With the sale of Sucrogen now complete, and part of the proceeds successfully returned to shareholders, there have been some changes to CSR's board.

Rick Lee and Nick Burton Taylor retired from the board on 11 May 2011. Both Rick and Nick have significant experience in the Australian agricultural sector and it was envisaged that they would have joined the board of Sucrogen if the demerger to create a separately listed sugar company proceeded.

As a result of the sale of Sucrogen the demerger did not proceed.

Both Rick and Nick have made important contributions to CSR during their time on the board and I would like to acknowledge their particular efforts throughout 2009 and 2010 in steering CSR through the complex business separation process.

As CSR's transition to a more focused business is well underway, I have also decided that now is an appropriate time to retire as chairman and also from the board of CSR.

It has been an honour to have served as chairman for the past eight years and I am very grateful to CSR shareholders for their ongoing support of the company during this time.

It is my intention to retire immediately after the AGM on 7 July 2011 at which time Jeremy Sutcliffe will become the new chairman of CSR. Having already made a significant contribution both as a non-executive board member and as interim managing director and CEO, Jeremy brings vast experience to CSR.

PEOPLE

CSR has always been fortunate to have teams of dedicated staff across every area of our company.

To our 4,000 people who comprise our business in CSR today, I want to thank you for your commitment and dedication in what was once again a challenging year.

While the past year marks a historic transition for CSR I believe the company is now in a very good position to deliver sustainable value to shareholders.

I look forward to watching CSR's continuing progress.

IAN BLACKBURNE
Chairman

ROB SINDEL

BUILT ON STRONG FOUNDATIONS

This is my first year in presenting our annual results and strategy. I am honoured to have been offered the opportunity to become the managing director of CSR at an important and transitional time in the company's long history.

OVERVIEW OF FINANCIAL RESULTS

During a period where CSR conducted two significant transactions as part of the transition to a more focused building products and aluminium company, we made steady progress in our core businesses.

Importantly, CSR continues to deliver strong profitability and generate good cashflows at the bottom of the construction cycle.

Group net profit after tax (pre significant items) for continuing operations was $90.2 million for the year ended 31 March 2011, an increase of 13 per cent on the previous year.

Continuing operations do not include the Sucrogen business and the Asian insulation business which were both sold on 22 December 2010.

Earnings before interest and tax (EBIT) for continuing operations was $212.0 million compared to $218.0 million the previous year.

Despite the impacts of wet weather in the last quarter of the year and the sudden termination of the insulation rebate scheme, Building Products EBIT (including Viridian) of $107.4 million was slightly higher than last year.

Aluminium EBIT of $111.9 million was 9 per cent lower than last year but above market guidance as a result of an increase in the unhedged price of aluminium towards the end of the financial year.

The Queensland floods delayed the completion of a residential property development sale at Brendale. Despite this delay, Property EBIT of $14.6 million for the year was 14 per cent higher than the previous year. The sale is expected to be completed in the first half of this financial year.

As a result of the significant corporate restructuring undertaken during the year, including the landmark sale of Sucrogen, CSR incurred a number of one-off costs which have been classified as significant items for the full year result.

These included the impact of asset write downs in the Viridian and Bricks businesses, costs associated with the termination of the insulation rebate scheme and other one-off significant items which amounted to $168.2 million after tax.

STRATEGIC PRIORITIES

Having now sold the Sucrogen business, CSR is well placed to grow as a focused building products company with a strong balance sheet. We also continue to generate good cashflows and earnings from our investment in the Tomago aluminium smelter.

We have the market's most trusted and recognised brands in building products, a national manufacturing footprint and enduring customer relationships with strong channels to market.

Our goal is to grow our market position and adapt our portfolio to the changing trends in construction to deliver sustainable value for our shareholders. Our initial priority remains on improving those parts of our business which currently are not delivering an acceptable return on funds employed.

A specific priority is the Viridian business which has been impacted by a number of external factors, including the appreciating Australian dollar which impacts pricing and margins and the ongoing weakness in commercial construction markets which impacts volume.

While the macro environment remains tough for glass manufacturing, we are focused on improving our distribution capabilities through continued investment in our floatliner delivery system and also on product differentiation to improve our market share and overall competitive position.

In glass processing, our challenge is to continue to educate the industry and lobby governments about the incremental benefits from the increased use of higher performance and energy efficient glass products in construction. As part of that, we are launching a new energy efficient glass product range, Viridian SmartGlass™.

More broadly across our Building Products portfolio, we have identified a number of opportunities to reduce our overall manufacturing cost base through energy cost savings and also through process improvements.

Through the *CSR Way* in manufacturing, which brings together the operational functions across our manufacturing network, we are focused on opportunities which have quick pay-backs which will lower our cost base to assist in improving our margin and return on funds employed.

ADDRESSING THE MARKET

In terms of addressing the changing market dynamics, our strategy is centred on developing product solutions which target three specific areas:

Affordability – building houses faster, using more lightweight materials to bring down the cost of construction.

Energy efficiency – developing solutions which will reduce the cost of heating and cooling of residential and commercial buildings; and

Multi-residential – ensuring our portfolio is sufficiently positioned to respond to the market shift more towards multi-residential dwellings (units, townhouses and apartments).

As a more focused company, we are already benefiting from an increased concentration on our core business products such as Hebel and Cemintel which are well placed to provide solutions in lightweight construction. In both businesses, we have launched new products over the past year which are proving successful in the market.

Across our portfolio, but more specifically in Viridian and Bradford, we are well positioned to provide energy efficient solutions in residential and commercial construction. There is no question that energy prices will continue to increase and the built environment is a significant consumer of energy.

However, despite good intentions, there has been a lack of coordinated response by state and federal governments to address this issue. As a result, Australia continues to significantly lag other western economies in tackling energy efficiency in buildings. We will continue to actively press this issue.

Our strategy also includes acquisition opportunities within our core markets. We are currently assessing a number of investment opportunities which complement our Building Products portfolio to further strengthen our position across our key markets.

OUTLOOK

Leading indicators (finance and housing approvals) point to a moderation of housing activity in the year ahead. Successive interest rate rises towards the end of 2010 and the withdrawal of government stimulus indicate that the total number of housing starts in Australia will decline year on year.

We estimate that total housing starts in Australia on a one quarter lag basis will be around 150,000 for the year ended 31 March 2012 – a decline of approximately 11 per cent on the prior year.

However, within that total, we expect the social housing segment (which has less product demand) to decline as a proportion of overall housing starts in response to the stimulus withdrawal. While there are some tentative signs of recovery in commercial markets, particularly in Victoria, conditions are expected to remain flat in the near term. Housing starts in New Zealand (ex Christchurch) are expected to remain flat in the near term.

We expect continued earnings improvement in our Bricks and Viridian business, together with an increased contribution from our Hebel, Cemintel and commercial ceilings businesses which are already benefiting from a more focused business structure.

Longer term housing demand in Australia remains estimated at around 180,000 dwellings per year with a current housing shortfall of over 200,000 dwellings, according to BIS Shrapnel estimates. Notwithstanding supply-side constraints and affordability issues, CSR remains well placed to capitalise on these demand factors to drive further earnings growth.

In Aluminium, US$ spot metal prices generally improved at the start of this calendar year, however the continuing high Australian dollar continues to limit the benefit of this increase. For YEM12 Gove Aluminium Finance (GAF) has contracts in place for approximately 93 per cent of its share of expected production. Meanwhile, GAF has continued to rebuild its hedge book following a period of historically low metal prices and as at 30 April 2011 had approximately 50 per cent of net aluminium exposure for YEM12 hedged at A$3,092 per tonne.

Property markets have started a slow recovery following a period of extended weakness, with increased interest in CSR's industrial and wholesale residential development sites. We expect to complete the delayed sale of the residential development site at Brendale in the first half of this financial year. For the full year, earnings will continue to be subject to the timing of specific transactions.

ROB SINDEL
Managing director

A LANDMARK YEAR FOR CSR

During the year ended 31 March 2011, CSR completed the complex and company – transforming sale of Sucrogen, together with a series of other initiatives to build a strong platform for the company.

1 APRIL 2010

Bright Food A$1.75 billion conditional offer to acquire Sucrogen

CSR announced it had received a conditional offer from Bright Food (Group) Co. Ltd ('Bright Food') to acquire CSR's Sugar and Renewable Energy business, Sucrogen.

21 APRIL 2010

CSR welcomes adoption of 6 star housing standards in South Australia

CSR welcomed the announcement by the South Australian Government of its adoption of the new energy efficiency standards for new dwellings described in the 6 star housing ratings.

22 APRIL 2010

CSR strengthens commercial ceilings business with key acquisition

CSR strengthened its position in the commercial ceilings market across Australia/New Zealand with the acquisition of the businesses of Comprador Pacific (Australia) and Potters Interiors (NZ), subsidiaries of Tag Pacific Ltd.

23 APRIL 2010

CSR proposed demerger – Full Federal Court decision

The Full Federal Court allowed CSR's appeal in relation to the Federal Court's decision of 3 February 2010 which declined to order the convening of a meeting of CSR's shareholders to consider the proposed demerger of Sucrogen.

30 APRIL 2010

CSR welcomes Victoria's action plans for green jobs

CSR welcomed the report from the Victorian Government, "Jobs for the Future Economy". The package contains measures to improve the energy efficiency of the built environment and will be a catalyst for further change within the sector.

12 MAY 2010

CSR reports full year results for year ended 31 March 2010

CSR reported full year EBIT of $364.1 million, a 14 per cent increase on the previous year. Net profit after tax (pre significant items) increased by 29 per cent to $173.4 million.

5 JULY 2010

Agreement to sell Sucrogen for A$1.75 billion to Wilmar International Limited

CSR announced it had agreed to sell its Sugar and Renewable Energy business, Sucrogen, to Wilmar International Limited for an enterprise value of A$1.75 billion (excluding minority interests). As a result of the sale, CSR agreed to defer implementation of its demerger of Sucrogen.

6 JULY 2010

CSR agrees to sell Asian business to Rockwool Group

CSR announced it had entered into an agreement to sell its Asian insulation, panels and trading businesses across the Asian region to the Rockwool Group for A$128 million. The agreement did not include CSR's existing autoclaved aerated concrete plant in Malaysia.

11 AUGUST 2010 ▲

CSR sells residential development site to Stockland

CSR announced it had entered into an agreement to sell its 606 lot, 47.2 hectare residential development at Narangba, north of Brisbane to Stockland for $25.3 million.

11 AUGUST 2010

FIRB issues Wilmar Interim Order

CSR advised that as expected, given the timing of the Federal election, the Foreign Investment Review Board (FIRB) issued an interim order in relation to Wilmar's proposed acquisition of Sucrogen, extending the review period for up to 90 days.

27 SEPTEMBER 2010

CSR sells former glass site to Bunnings

CSR announced it had entered into an agreement to sell a 2.6 hectare site at Alexandria, inner Sydney, to Bunnings. The site was a former glass factory which CSR acquired as part of its acquisition of Pilkington in June 2007.

3 NOVEMBER 2010

CSR reports half year results ended 30 September 2010

CSR reported EBIT from continuing operations (excluding Sucrogen and Asian insulation) pre significant items of $117.6 million, up 22 per cent compared to previous corresponding period.

8 NOVEMBER 2010

Wilmar receives FIRB approval for Sucrogen acquisition

The Treasurer, Hon. Wayne Swan MP, approved the application from Wilmar to the Foreign Investment Review Board (FIRB) in relation to its proposed acquisition of Sucrogen, for an enterprise value of A$1.75 billion.

12 NOVEMBER 2010

Tomago Aluminium secures long term power supply contract

Tomago Aluminium Company signed an 11 year base-load power supply contract with Macquarie Generation. The agreement will come into effect in 2017 to replace the existing power supply contract with Macquarie Generation which remains in place until its expiry in 2017.

15 DECEMBER 2010

Proposed capital management and management changes following Sucrogen sale

CSR announced that it proposed to return approximately A$800 million to its shareholders, (approximately 52.7 cents per share) following the completion of the sale of Sucrogen.

CSR also announced that Jeremy Sutcliffe, who was appointed interim CEO for a fixed term of up to 12 months, would step down as CEO on 31 December 2010 and revert to his former role as an independent non-executive director. He was replaced as CEO by Rob Sindel.

22 DECEMBER 2010

CSR completes sale of Sucrogen

CSR successfully completed the sale of Sucrogen to Wilmar for a total payment of A$1.843 billion, marking a significant milestone in the 155 year history of CSR.

22 DECEMBER 2010

CSR completes sale of Asian business

CSR successfully completed the sale of its Asian insulation business to the Rockwool Group for A$128 million.

7 JANUARY 2011

CSR to return A$800 million to shareholders

CSR announced that, having completed the sales of Sucrogen and its Asian insulation business, it intended to return A$800 million to shareholders via a fully-franked special dividend of A$138.6 million (approximately 9.13 cents per share) and a proposed capital return (subject to shareholder approval) of A$661.4 million (approximately 43.57 cents per share).

31 JANUARY 2011 ▲

Tomago Aluminium signs deal with hot metal customer

Tomago Aluminium Company signed a long term hot metal supply agreement with Midal Cables International (Midal), a venture of Bahrain-based Midal Cables with an Australian based partner.

8 FEBRUARY 2011

CSR shareholders approve capital return and share consolidation

CSR shareholders approved the capital return payment of 43.57 cents per share and the 3:1 share consolidation at a general meeting of members.

3 MARCH 2011

CSR completes the return of funds to shareholders

CSR finalised the return of funds to shareholders of A$800 million, following a resolution of shareholders passed on 8 February 2011.

LIGHTWEIGHT AND ENERGY EFFICIENT SOLUTIONS

LIGHTWEIGHT SYSTEMS

CSR provides a range of lightweight and energy efficient solutions in residential and commercial construction, through its market leading brands, including Bradford™ insulation, Gyprock™ plasterboard, Cemintel™ fibre cement, Fricker™ ceiling systems, Hebel® lightweight concrete products and Edmonds™ ventilation systems.

Lightweight Systems' trading revenue of $762.7 million was in line with the previous year.

Earnings in the **Gyprock** plasterboard business improved modestly through a combination of price increases and overhead cost control.

Volumes in Queensland were impacted by floods in the last quarter while commercial volumes continued to remain weak. However, Gyprock remains well positioned to participate in flood rebuilding and repair work and is actively working with local councils and authorities on the rebuild program.

Gyprock continues to focus on margins and recovery of input cost inflation with announced price increases of around 3-4 per cent which came into effect from 1 March 2011.

The major capital program to upgrade the Gyprock plasterboard factory at Yarraville is now virtually complete. The new boardline and cornice lines have been successfully commissioned and the expanded warehouse and distribution facility is now complete. The distribution centre at Sunshine has been closed with staff relocated to the Yarraville site to generate further efficiencies.

The facility at Wetherill Park in Sydney has also been upgraded, including a 3,000 square metre addition to the existing 10,000 square metre warehouse.

Margins and earnings in the **Cemintel** fibre cement business improved with the business pursuing a more differentiated strategy, including the launch of new products.

Customer and market response to the new internal linings fibre cement product, CeminSeal™, continues to be positive, while Cemintel is also launching a new pre-finished lightweight walling solution, the Designer Series.

The **Hebel**® business increased revenue and EBIT from improved sales of PowerPanel and wall panel products and also from improved pricing. Hebel continues to gain wider market recognition for its lightweight and thermal qualities with a number of builders now building and marketing Hebel® homes.

In **Bradford Insulation**, revenue and EBIT were significantly lower than last year, impacted by the sudden termination of the insulation rebate scheme which increased earnings in the prior year. The scheme's termination caused a severe industry-wide over-supply of insulation product which impacted pricing and operational efficiencies. While Bradford recovered some earnings through the first phase of the Federal Government's Home Insulation Safety Program, this was not nearly sufficient to compensate for the withdrawal of the original rebate scheme.

For the full year, Bradford incurred one-off costs of $23.6 million, comprising a provision for stock obsolescence and disposal and associated inventory management costs. Outside of the retro-fit insulation market, Bradford continues to build its market position for new home and commercial applications, gaining additional share in these core markets.

BRICKS AND ROOFING

CSR's Bricks and Roofing businesses include widely recognised brands such as PGH™ clay bricks and pavers, Monier™ concrete roof tiles and Wunderlich™ terracotta roof tiles.

The result for the Bricks and Roofing business improved significantly on the previous year.

Trading revenue of $286.6 million was up 2 per cent from $281.3 million, in line with generally improved conditions in Australia, particularly in the first half and also in response to government stimulus measures. However, EBIT increased significantly in both the bricks and roof tiles businesses due to a continued focus on operating costs and increasing margins.

Volumes and margins were impacted in the last quarter by excessive wet weather across the eastern states and the Queensland floods, where the Oxley factory in Brisbane was closed for an extended period due to a clay shortage caused by flooding.

Price increases were achieved in all markets, with brick prices up an average 4 per cent and roof tile prices up 3 per cent on the previous year.

1

2

3

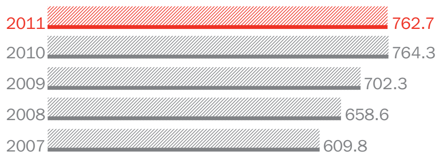
Brick manufacturing facilities continued to operate below capacity, particularly in Queensland and NSW where demand has been sluggish. The Cooroy brick plant was mothballed with production transferred to the more efficient and larger capacity facility at Oxley.

Market response to the launch of new products has been positive. During the year, Monier launched its new Horizon flat concrete roof tile while PGH launched a new ceramic glazed and colour range of house bricks.

MAIN IMAGE: HEBEL LIGHTWEIGHT CONCRETE.
INSET IMAGE: HEBEL MANUFACTURING FACILITY, SOMERSBY.
1. MONIER BRICK PLANT, TAKANINI.
2. BRADFORD INSULATION, INGLEBURN.
3. BRICKS AND ROOFING DISPLAY CENTRE, SCHOFIELDS.

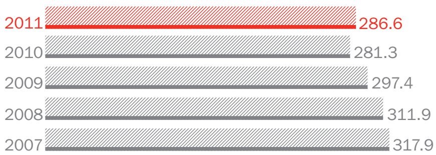
LIGHTWEIGHT SYSTEMS REVENUE

YEAR ENDED 31 MARCH ($ MILLION)



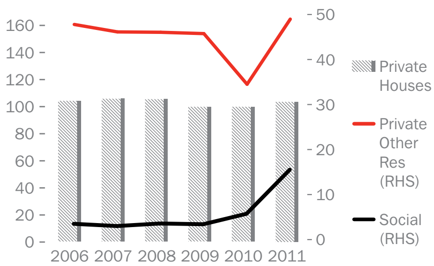
BRICKS AND ROOFING REVENUE

YEAR ENDED 31 MARCH ($ MILLION)

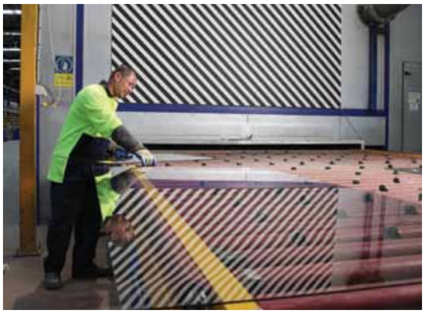


AUSTRALIAN HOUSING STARTS

YEAR ENDED 31 MARCH ('000 pa)



Source: ABS



THE MARKET'S LEADING GLASS PROVIDER

VIRIDIAN

Viridian is Australia's leading glass provider and the only manufacturer of float and hardcoat performance glass products in Australia. Viridian's broad product range includes energy efficient glass and glass for a variety of other solutions, including noise reduction, security, mirrored and privacy glass and decorative interior glass.

While the performance of **Viridian** improved on the previous year, earnings continue to be impacted by the high A$/US$ exchange rate, and ongoing weak commercial construction markets in Australia and New Zealand.

Viridian has the highest fixed cost component in CSR's building products portfolio and is also the most exposed to the commercial construction sector with approximately 40 per cent of revenue exposed to this segment.

Viridian reported EBIT of $3.6 million compared to a loss of $1.6 million the previous year.

Trading revenue of $348.8 million was 8 per cent below the prior year's result of $379.7 million.

The previous year's result included an earnings contribution from the automotive glass business which was sold in 2010 and therefore YEM11 earnings do not include automotive glass earnings.

Revenue and EBIT in the Primary Products business improved on the prior year, however, margins continue to be impacted by the high Australian dollar which makes the price of imported glass cheaper.

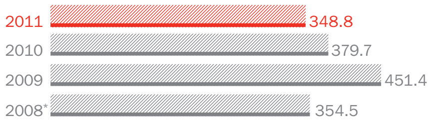
During the year Viridian launched an anti-dumping application with the Department of Customs. Initially Customs found that dumping had occurred but could not establish material injury. Viridian has since successfully appealed this decision to the Trade Measures Review Office and Customs will now re-examine the application.

Operationally, the two float glass facilities continued to perform well at an average capacity of around 80 per cent.

In the current financial year, CSR expects to spend around $15 million on routine maintenance on the furnace at Ingleburn which will to extend the life of the facility for a minimum period of four years.

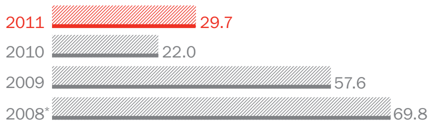
1

VIRIDIAN REVENUE
YEAR ENDED 31 MARCH ($ MILLION)



* Includes 9 months of Pilkington, 6 months of DMS

VIRIDIAN EBITDA
YEAR ENDED 31 MARCH ($ MILLION)



* Includes 9 months of Pilkington, 6 months of DMS

The floatliner delivery system, which significantly reduces the requirement of manual handling of glass, continues to be a major market differentiator and Viridian expects to spend $7 million this year to upgrade the fleet.

Losses in the glass processing business have been reduced from the previous year through a continued focus on cost reduction and operational improvements.

The business made improvements in safety and customer service, where Delivery in Full On-Time (DIFOT) is tracking at 90 per cent at most sites – a significant increase on the prior year.

Annualised costs of over $9 million have been removed from the business with further consolidation of distribution sites to improve efficiencies.

An additional 40 positions were removed at the Clayton facility in February as the business continues to generate operational efficiencies.

In Victoria, which is moving to adopt the six star rating for newly built houses, sales of energy efficient glass as a proportion of total glass sales continues to improve.

2

3

MAIN IMAGE: VIRIDIAN PERFORMANCE GLASS.

INSET IMAGE: VIRIDIAN MANUFACTURING FACILITY, WETHERILL PARK.

1. VIRIDIAN FLOATLINER.

2&3. VIRIDIAN GLASS PROCESSING, WETHERILL PARK.

A GLOBALLY COST COMPETITIVE SMELTER

ALUMINIUM

CSR holds an effective 25.2 per cent interest in the Tomago aluminium smelter joint venture through its 70 per cent interest in Gove Aluminium Finance Limited (GAF) which in turn owns 36.05 per cent of Tomago.

The Tomago smelter, located near Newcastle NSW, is Australia's second largest smelter and is one of the world's lower cost smelters. Tomago Aluminium produced 522,000 tonnes of aluminium in calendar year 2010, some 25 per cent of Australia's primary aluminium production.

Earnings for GAF were ahead of market guidance as a result of lower than budgeted operating costs at the Tomago smelter and the increased US$ aluminium price after hedging in the second half of the year.

Trading revenue was $515.5 million compared to $510.7 million the previous year on sales volume of 188,246 tonnes compared to the previous year's sales of 190,981 tonnes.

The business continued to benefit from its net hedged position built in previous years, however to a lesser extent than the prior year, given the lower proportion of metal hedged in response to lower relative aluminium prices over the past two years.

EBIT was $111.9 million, down 9 per cent on the previous year, impacted by higher alumina costs. Higher alumina costs also impacted the EBIT margin which was 21.7 per cent compared to 24.2 per cent in the previous year.

The average realised aluminium price after hedging was A$2,738 per tonne, compared to A$2,674 for the previous year. The average world aluminium price was US$2,281 per tonne for the year compared to US$1,898 for the previous corresponding period.

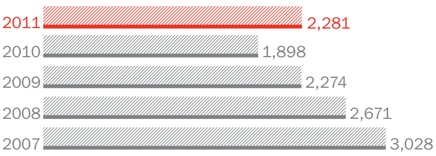
During the year, Tomago announced it had secured an 11 year long term base load power supply contract with Macquarie Generation.

This contract will replace the existing power supply agreement with Macquarie Generation which expires in 2017, securing Tomago's power supply requirements up until 2028.

1

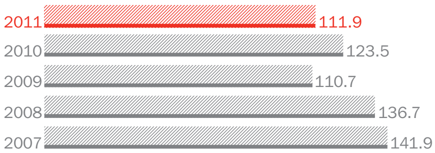
AVERAGE LME ALUMINIUM PRICE

YEAR ENDED 31 MARCH (US$ PER TONNE)



ALUMINIUM EBIT

YEAR ENDED 31 MARCH ($ MILLION)



The contract provides significant certainty to Tomago in terms of its long term investment at the smelter.

Tomago has also signed a long term hot metal supply agreement with Midal Cables International (Midal), a venture of Bahrain-based Midal Cables with an Australian based partner.

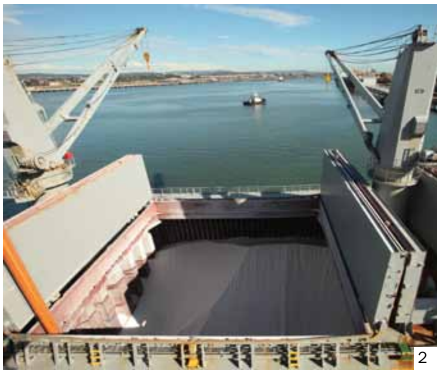
Midal plans to build a $30 million aluminium products manufacturing facility close to the Tomago smelter and use molten aluminium as feedstock to make aluminium alloy rods, wires and conductors.

GAF remains focused on developing its customer base and improving the volume of value added products such as billet and slab.

GAF also has a long term alumina supply contract.

US$ spot metal prices generally improved at the start of this calendar year; however, the continuing high Australian dollar limits the benefit of this increase.

The ongoing weakness in the US dollar puts additional pressure on all aluminium producers that have non-US dollar costs; however, the weaker US$ is generally supportive for US$ aluminium prices.



2

GAF currently has contracts in place for approximately 93 per cent of its share of expected production.

Meanwhile, GAF has continued to rebuild its hedge book following a period of historically low metal prices and as at 30 April 2011 had approximately 50 per cent of net aluminium exposure for YEM12 hedged at A$3,092 per tonne.

This is a higher proportion than at the same time last year; however, it is a lower proportion than two years ago.

3

MAIN IMAGE: ALUMINIUM BILLETS.

INSET IMAGE: ALUMINIUM SLABS AT TOMAGO SMELTER.

1. TOMAGO SMELTER, NSW.

2. ALUMINIUM SHIPMENT, NEWCASTLE.

3. TOMAGO SMELTER, NSW.

STRONG MEDIUM TERM DEVELOPMENT PIPELINE

PROPERTY

CSR's Property division is responsible for managing CSR's property portfolio, with a primary focus on maximising financial returns by developing surplus former CSR manufacturing sites and industrial land for sale.

The division obtains rezoning approvals and pre-commitments before developing particular parcels of land to on-sell to a range of buyers.

For the year ended 31 March 2011, the Property division reported EBIT of $14.6 million, which was 14 per cent ahead of the prior year.

The main contributor to earnings was the sale of a 606 lot, 47 hectare residential development at Narangba to Stockland for $25.3 million.

Having received strong expressions of interest from a number of committed buyers, the sale to an external party as opposed to internally developing the site reduced development risk and provided an immediate return to maximise value. Cash proceeds from the sale were received in YEM11.

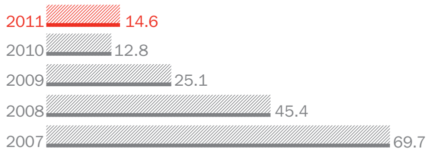
During the year, the Property division also successfully sold the 2.6 hectare former Viridian glass factory site at Alexandria, inner Sydney to Bunnings. As part of the transaction Bunnings has announced it plans to build a flagship 20,000 square metre store on the site. Building demolition at the site is almost complete and subject to further site remediation, the transaction is expected to be completed in mid 2011.

The Property division had expected to complete the sale of a 535 lot residential property development site at Brendale, north of Brisbane, by the end of the financial year. However, the Queensland floods resulted in a backlog of council development approvals which resulted in the transaction being delayed to the current financial year. CSR expects to receive development approval and complete the sale in the first half of YEM12.

1

PROPERTY EBIT

YEAR ENDED 31 MARCH ($ MILLION)



CSR owns an adjacent 70 hectare industrial development at Brendale which is currently being marketed.

Marketing of the 11 hectare industrial site at Erskine Park, western Sydney continues with an increased level of interest recently. Sales are expected to contribute to earnings in YEM12.

The change of Government in Victoria has resulted in further delays in obtaining statutory approvals for a 552 lot residential development at Chirnside Park, Melbourne.

Meanwhile, eight light industrial lots at Darra, Brisbane, remain to be sold out of a total of 40 lots. Subject to market conditions, CSR expects to complete these sales during the current financial year.

2

INSET IMAGE: LIGHT INDUSTRIAL DEVELOPMENT, DARRA, QLD.

1. BRENDALE DEVELOPMENT SITE, QLD.

2. REDEVELOPMENT OF THE NARANGBA SITE, QLD.

SUSTAINABILITY IS EMBEDDED INTO OUR VALUES

CSR continues its commitment and integration of sustainable practices throughout all its businesses and these are embedded into the company's corporate values.

Our sustainability agenda is focused on every facet of our business. That includes the health and safety of our employees, governance and risk management, engagement with all our stakeholders and managing our actions responsibly within the communities in which we operate.

Full details of CSR's sustainability agenda and data relating to greenhouse gas emissions, energy consumption and water and waste production are included in CSR's Sustainability Report which is available on CSR's website www.csr.com.au.

As a major manufacturing organisation, we recognise our role in taking appropriate measures to reduce our consumption of resources and to limit our greenhouse gas emissions and impact on the environment.

However, we also recognise that our products and systems also provide solutions to address environmental concerns.

The Intergovernmental Panel on Climate Change (IPCC) has identified that the built environment represents around 40 per cent of global greenhouse gas emissions.

CSR continues to invest in new product development targeting improved energy efficiency in the built environment.

During the year, we continued to expand our range of Hebel® lightweight products with all products and systems being certified by the Good Environmental Choice Australia (GECA) label.

Meanwhile, the Viridian glass business has invested in further developing its range of performance glass solutions with the launch of Viridian SmartGlass™ and in creating greater community awareness of energy efficient glass through its 'SeeBeyond' campaign.

SAFETY

Our commitment to safety in our workplace remains paramount. It is one of our core values – we care for and protect each other, our business and the environment.

While safety performance as measured by the number of lost time injuries and the number of recordable injuries improved during the year, we still have considerable work to do to achieve our goal of 'zero harm' across all our operations.

During the year ended 31 March 2011, CSR's Lost Time Injury Frequency Rate (LTIFR) within the Building Products company was 5.4 down from 6.0 the prior year.

The number of lost time injuries decreased 21 per cent, while the Lost Time Injury Severity Rate decreased by 38 per cent.

A primary focus during the year centred on manual handling to address lost time and recordable injury trends across the business.

The number of recordable injuries, which includes lost time, restricted work and medical treatment injuries was down 32 per cent (204 compared to 301 in YEM10).

The Total Recordable Injury Frequency Rate (TRIFR) (the total number of recordable injuries per million work hours) improved by 25 per cent (from 36.7 to 27.4).

There were no fatalities in CSR during the year.

PEOPLE

As at 31 March 2011, CSR had 3,925 full-time equivalent (FTE) employees working across its operations in Australia/New Zealand and a small facility in Malaysia.

We remain committed to respecting the various differences among our people but also recognise the benefits which flow from having a workforce which embraces diversity.

The proportion of women working at CSR is approximately 14 per cent. While this is consistent with the industries in which we operate, we recognise that we have much work to do to in improving the number of women working across our businesses.

We encourage our employees to own shares in the company to better align employees' interest with our shareholders. Over 54 per cent of CSR employees currently own shares in the company.

COMMUNITY

A key aspect of our community involvement is the Community Support Program in which CSR matches employee donations on a dollar for dollar basis to a range of charitable organisations. During the year, CSR and its employees donated over $498,000 through the program.

In addition, CSR also provided a range of its building products free of charge to assist community organisations in various building programs.

1

RESPONDING TO THE QLD FLOODS AND CHRISTCHURCH EARTHQUAKE

Given the catastrophic destruction of the Queensland floods and earthquake in Christchurch, CSR moved immediately to help these local communities where possible.

We initiated our employee matching donation program where nearly $100,000 has been donated to victims of these natural disasters.

Additionally in Queensland, where we have a greater number of manufacturing facilities, we have worked with the Rotary Club in supplying materials at discounted rates to help the rebuild effort.

With CSR's assistance the Rotary Club hopes to provide over 200 homes with plasterboard for those without insurance or Government support over the coming months.

Gyprock™ also established a special rate for bona-fide residents affected by the floods so they can purchase discounted product directly.

CSR also prepared a flood repair advice document to assist homeowners to repair properties impacted by the floods.

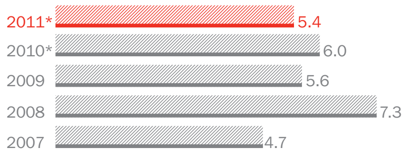
1. CSR WORKED WITH JINIBARA SCHOOL COMMUNITY TO PLANT 1,000 TREES AT THE NARANGBA DEVELOPMENT SITE.

2. EMPLOYEES AT THE VIRIDIAN FACILITY AT WETHERILL PARK, NSW.


2

LOST TIME INJURY FREQUENCY RATE

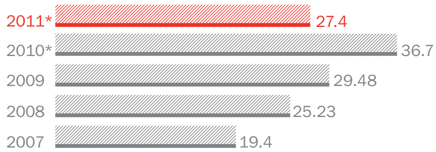
YEAR ENDED 31 MARCH



* Excludes Asian insulation

TOTAL RECORDABLE INJURY FREQUENCY RATE

YEAR ENDED 31 MARCH



* Excludes Asian insulation

BOARD OF DIRECTORS

IAN BLACKBURNE
BSC (HONS), PHD, MBA, AGE 65

Chairman, is a member of the Risk & Audit Committee, Safety, Health & Environment Committee and Remuneration & Human Resources Committee. Ian joined the board in 1999 and was last re-elected in 2007. An independent director, Ian is a former managing director of Caltex Australia Limited. He has been a director of Teekay Corporation for eight years, and in December 2009 was appointed to the board of Aristocrat Leisure Limited becoming chairman in December 2010. In April 2008, he ceased to be a director of Symbion Health Limited after three years, and in August 2010 he ceased to be a director of Suncorp-Metway Limited after ten years.

ROB SINDEL
BENG, MBA, GAICD. AGE 46

Appointed to the board as an executive director in December 2010 and managing director in January 2011. Joined CSR in April 2008 as executive general manager of CSR Lightweight Systems. In October 2009 he was appointed CEO of CSR Building Products. Formerly the managing director of Civil & Marine (UK), a subsidiary of the global building materials company, Hanson, now part of the Heidelberg Cement Group. Rob has also held the position of commercial trading director for Hanson Aggregates (UK). Previously Rob was with Pioneer Australia, where he worked for over 13 years.

KATHLEEN CONLON
BA (ECON) (DIST), MBA, AGE 47

Chairman of the Remuneration & Human Resources Committee and is a member of the Safety, Health & Environment Committee and Risk & Audit Committee. Kathleen joined the board in 2004 as an independent director after seven years as a partner and director of the Boston Consulting Group (BCG) where she led BCG's Asia Pacific Operational Effectiveness Practice Area and, previously, the Sydney office. She is a member of Chief Executive Women, a NSW council member of the Australian Institute of Company Directors and a non-executive director of REA Group Limited.

1. IAN BLACKBURNE
2. ROB SINDEL
3. JEREMY SUTCLIFFE
4. JOHN STORY
5. KATHLEEN CONLON
6. RAY HORSBURGH AM

RAY HORSBURGH AM

BENG (CHEM), HON D UNIV, FAICD, FIE AUST, AGE 68

Chairman of the Safety, Health & Environment Committee and is a member of the Remuneration & Human Resources Committee. He joined the board in October 2006 as an independent director. Ray has had a distinguished record of managing manufacturing businesses, including leading a number of mergers and acquisitions.
He was managing director of Smorgon Steel Group Limited for 15 years until its merger with OneSteel Limited in August 2007. This followed a 31 year career with the Australian Consolidated Industries Group, primarily in senior roles in the glass and packaging businesses. In September 2007, he was appointed chairman of Toll Holdings Limited where he has served as a director for four years. Ray is also a director of Traffic Technologies Limited, National Can Industries Limited, Essendon Football Club and the Ponting Foundation.

JOHN STORY

BA, LLB, FAICD, AGE 65

Chairman of the Risk & Audit Committee and is a member of the Remuneration & Human Resources Committee. John joined the board in 2003. An independent director, he has a great depth of experience as a senior lawyer advising on corporate and commercial law. In 2007, he retired as non-executive chairman of the law firm Corrs Chambers Westgarth, where he was a partner for 36 years until his retirement as a partner in 2006. John is chairman of Suncorp-Metway Limited, where he has been a director for 13 years. In November 2007, he was appointed as chairman of Tabcorp Holdings Limited where he has been a director since 2004. Previously, he had been a director of Jupiters Limited.

JEREMY SUTCLIFFE

LLB (HONS), MAICD, AGE 53

A member of the Safety, Health & Environment Committee and Remuneration & Human Resources Committee.
Jeremy joined the board in 2008 as an independent director. He held the position of interim CEO and managing director from 1 April to 31 December 2010. Jeremy was a director of Sims Metal Management Limited until 2009 and was Group CEO from 2002 until 2008. He is a non-executive director of Amcor Limited and holds advisory board positions with Scholz AG and Veolia Environmental Australia.

MANAGEMENT TEAM

ROB SINDEL

Managing director
BENG, MBA, GAICD

Appointed to the board as an executive director December 2010 and managing director January 2011. Joined CSR April 2008 as executive general manager of CSR Lightweight Systems. In October 2009 appointed CEO of CSR Building Products. Formerly the managing director of Civil & Marine (UK), a subsidiary of the global building materials company, Hanson, now part of the Heidelberg Cement Group. Rob has also held the position of commercial trading director for Hanson Aggregates (UK). Previously Rob was with Pioneer Australia, where he worked for over 13 years.

GREG BARNES

Chief financial officer
BCOM, CA, MBA, GAICD

Joined CSR as chief financial officer, CSR Building Products in July 2009 and appointed chief financial officer CSR Limited in December 2010. Previously Greg was at Dyno Nobel Limited initially as group management controller responsible for planning, investor relations and treasury and then as vice president finance Asia Pacific. Prior to this, Greg spent six years with De La Rue PLC in various senior finance roles in Australia, Europe and North America following an earlier career in professional services with Price Waterhouse and HLB Mann Judd.

STEVE CHOAT

General manager, Viridian Primary Products
MA (Engineering), MSc (Management)

Appointed general manager for Viridian Primary Products in November 2009, after 12 years running the manufacturing operations for Viridian (formerly Pilkington) in Australia. Was previously the managing director for Pilkington's special glass business in the UK, with sales operations throughout Asia. Steve has been in the glass industry for 30 years in Europe and Australia.

STEVE DARWELL

General manager Viridian Glass Processing and Services
BE (HONS)

Joined CSR as group operations manager Gyprock and Fibre Cement in November 2002. He was project director of the recently completed Yarraville factory rebuild. In November 2002 he was appointed to his current role at Viridian. Prior to joining CSR, Steve was at Visy as manager PET Packaging, responsible for all aspects of the Australian and Asian business interests. Previous to this he held a number of senior management roles within the Southcorp organisation in Australia and USA focusing primarily on business and operational improvement.

IAN HARDIMAN

General manager, Lightweight Systems
MCOM, CPA, ACIS

Joined CSR in 1987 and during his 23 years with the company has held a number of senior management positions across CSR's various businesses and joint ventures, including Readymix, CSR Asia, CSR Building Products, Gyprock, Tomago Aluminium and CSR Lightweight Systems.

1. ROB SINDEL
2. GREG BARNES
3. STEVE CHOAT
4. STEVE DARWELL
5. IAN HARDIMAN
6. ANDREW MACKENZIE
7. LUKE MURPHY
8. NICK PEZET
9. ANTHONY TANNOUS
10. MARK WHITE

ANDREW MACKENZIE

General manager, Property
Dip Bus (Val)

Joined CSR in February 1999 as group property manager, was appointed general manager property in 2003 with the creation of the property development business. Andrew has extensive experience in the property industry with particular focus on land development, site rehabilitation and property valuation. Prior to CSR he was employed as general manager, property for Ingham Enterprises for 13 years, being responsible for all forms of property and development activities within their portfolio.

LUKE MURPHY

General manager, Human Resources
BEc

Appointed general manager Human Resources, in January 2011, previously general manager Human Resources for CSR Building Products. Luke commenced his career with Pilkington in 1994 and has worked in a number of management roles, including employee relations, learning and development before being appointed as general manager, Human Resources for Pilkington in 2006. Luke has overall human resources responsibility for CSR's 4,000 employees in Australia and New Zealand including remuneration and benefits, superannuation, HR systems, employee relations, talent and succession management and policy development.

NICK PEZET

General manager, Bricks and Roofing
BEng. (HONS)

Rejoined CSR in 2007 as general manager, Bricks & Roofing – New Zealand and was appointed general manager CSR Bricks and Roofing in February 2011. Previously Nick was at Austral Bricks as general manager of South Australia. Prior to this Nick spent more than 10 years with CSR holding a number of senior management roles encompassing production and sales and marketing, following earlier manufacturing appointments with Proctor and Gamble in Europe and the US.

ANTHONY TANNOUS

General manager, Bradford Insulation
BE Chem, Grad Dip Marketing, MBA

Appointed general manager Bradford Insulation in 2007. Joined CSR Bradford in 1990 as research officer before moving in to the role of account manager in 1992 and then product manager from 1992 until 1996. Anthony managed the Bradford Insulation business in Western Australia from 1996 before returning to NSW in 1998 as state manager, Bradford Insulation. Following this role, Anthony held the position of national sales manager from 2000 and then relocated to Victoria in the role of rockwool manager in 2002. In 2004 Anthony returned to NSW as the general manager, sales for Bradford Insulation before moving in to his current role as general manager of the Bradford Insulation Group.

MARK WHITE

General manager Gove Aluminium Finance (GAF)
BCOM, MCOM, ACA

Joined CSR as general manager Panel Systems in October 2003, appointed general manager strategy and business development for CSR Building Products September 2008 and appointed as general manager GAF January 2011. Previously, Mark spent five and a half years at Boral Limited in various roles covering strategy, marketing, the most recent being general manager South Australia for clay and concrete products. Prior to this Mark worked for the Patrick Group for five years in finance and commercial management roles after commencing his career with KPMG.

REMUNERATION SUMMARY

THIS IS A SUMMARY OF CSR'S REMUNERATION REPORT
WHICH IS INCLUDED IN CSR'S ANNUAL REPORT

OVERVIEW OF EXECUTIVE REMUNERATION APPROACH AND FRAMEWORK

CSR's remuneration framework is based on the following principles:

- remuneration is performance driven;
- aligns with shareholder interests; and
- provides market competitive remuneration opportunities.

The key features of CSR's executive remuneration framework are outlined below.

- **Market positioning:** fixed remuneration is positioned at the market median against the Hay Group industrial and services index for roles of comparative size, or relative to their counterparts in related industries. Variable remuneration provides executives the opportunity to earn upper quartile total remuneration for stretch performance.
- **Fixed pay/variable mix:** total remuneration is comprised of fixed plus variable (or "at risk") remuneration. A significant portion of the total remuneration opportunity for senior executives is variable, and "at risk" based on performance.
- **Short Term Incentive (STI) plan:** The STI plan provides rewards for achievement of business financial performance goals (60% weighting) and individual performance goals which are focused on non-financial performance (40% weighting). Weightings of 50% financial and 50% personal goals may also apply to lower job grades.

Financial performance for YEM11 was measured by Earnings Before Interest and Tax (EBIT), focused at the organisational level which best reflects the role's influence. For instance, corporate roles were measured on CSR EBIT before significant items (continuing operations only), while business roles were rewarded based on a combination of their business' and CSR's EBIT outcome. Return on Funds Employed (ROFE) is employed as a secondary metric for the STI plan to ensure effective utilisation of assets.

Non-financial performance reflects an individual's objectives which are linked to business strategy implementation. Payment for the individual component is normally independent of the business' financial result. However, if the business' financial result is below expectations, there is discretion to reduce any incentive for individual performance.

- **Long Term Incentive (LTI) plan:** The Performance Rights Plan (PRP), provides CSR executives with grants of performance rights that vest based on CSR's three year Total Shareholder Return (TSR) relative to the TSR of the other S&P ASX 200 index constituents (the peer group).

Any performance rights which vest will be converted automatically into shares. Holders of performance rights are not entitled to dividends until the awards have vested and converted into shares.

- **Equity sacrifice:** Executives are eligible to elect to forgo a portion of their pre-tax fixed remuneration or STI to purchase restricted CSR shares, up to the $5,000 annual limit as provided under the tax legislation that applies from 1 July 2009.
- **Hedging prohibition:** The CSR Ltd Share Trading Policy prohibits participants in any LTI plan from hedging their exposure to unvested shares or reducing the risk associated with the performance hurdles applicable to those shares in any way.

OVERVIEW OF NON-EXECUTIVE DIRECTOR (NED) REMUNERATION

- **Market comparison:** NEDs are paid a base fee for service to the board and an additional fee for service to board committees. The fees are set with consideration to the fees paid in companies of a similar size and complexity.
- **Fee pool:** CSR has not increased its NED fee pool since 8 December 2008. The fee pool is currently $1,450,000 per annum.
- **Voluntary fee sacrifice:** NEDs can elect to forgo up to $5,000 of pre-tax fees annually to purchase CSR shares.

YEM11 REMUNERATION FRAMEWORK UPDATE

Following the implementation of the revised executive reward framework in YEM10, there have been no significant changes to CSR's remuneration policy and practice during YEM11. An adjustment was made to CSR's STI plan in order to maintain the plan's ongoing effectiveness, as follows:

- The STI plan for YEM11 was changed so that EBIT before significant items was measured as a primary outcome, underpinned by minimum ROFE thresholds. ROFE measures effective utilisation of assets and was seen as being an appropriate metric for CSR during the Global Financial Crisis (GFC). EBIT was viewed as a more appropriate STI metric for the post-GFC business environment as increases in EBIT translate to increased Earnings Per Share (EPS) and therefore the quantum of return to shareholders. ROFE continues to act as a secondary metric for the STI plan to ensure continued effective utilisation of assets.

In terms of remuneration outcomes for YEM11:

- **Total remuneration:** Overall, total expensed remuneration increased for all disclosed executives from YEM10 to YEM11. For continuing executives, increases were due primarily to the promotion of the current managing director and chief financial officer into their new corporate roles during the year. The increase in total expensed remuneration for departing executives was related to the inclusion of termination payments made to them under contractual arrangements and one off payments related to the sale of Sucrogen.
- **STI outcomes:** The component of YEM11 STI plan payments linked to financial metrics reduced from YEM10, primarily due to a reduced level of financial performance, which for the majority of business units, lay between the threshold and target levels approved by the board. Overall STI payments to Key Management Personnel (KMP) increased due to the promotion of continuing executives during the year with associated increases in STI opportunity and participation by some departing executives in the enhanced STI retention plan.
- **LTI outcomes:** For CSR's LTI plans, which are measured on the TSR performance of CSR, none of the LTI grants currently undergoing performance hurdle testing vested during YEM11.

The following table sets out the actual value of remuneration received by senior executives who are KMP and include the company's five highest remunerated company and group executives for the financial year, derived from the various components of their remuneration during YEM11.

TABLE 1: ACTUAL REMUNERATION RECEIVED BY SENIOR EXECUTIVES

YEAR ENDED 31 MARCH 2011 $	FIXED REMUNERATION	SHORT TERM INCENTIVE	LONG TERM INCENTIVE (EARNED) [a]	TERMINATION BENEFITS [b]	OTHER BENEFITS [c]	TOTAL
CURRENTLY EMPLOYED AS AT 31 MARCH 2011 [d]						
Rob Sindel (managing director from 1 Jan 2011)	900,000	550,000	–	–	8,250	1,458,250
Greg Barnes (chief financial officer from 15 Dec 2010)	414,583	189,583	–	–	2,488	606,654
Total Currently Employed Executives	**1,314,583**	**739,583**	**–**		**10,738**	**2,064,904**
TERMINATED EMPLOYMENT DURING YEM11						
Jeremy Sutcliffe (managing director until 31 Dec 2010) [e]	975,000	1,300,000	N/A	354,243	–	2,629,243
Chris Bertuch (general counsel & company secretary for full year) [f]	542,719	545,042	–	739,951	–	1,827,712
Shane Gannon (chief financial officer until 15 Dec 2010) [g]	548,934	647,853	–	792,269	–	1,989,056
Ian Glasson (chief executive officer Sucrogen, left CSR on 22 Dec 2010) [h]	688,406	475,000	–	425,500	21,255	1,610,161
Total Terminated Executives	**2,755,059**	**2,967,895**	**–**	**2,311,963**	**21,255**	**8,056,172**

a Represents the value of any LTI awards that were vested or paid during YEM11. Excludes the value of any unvested LTI granted or expensed during the year.
b Amounts exclude some previously accrued statutory entitlements paid on termination.
c In the year ended 31 March 2011, other benefits included an allowance for long service leave for senior executives and spouse travel.
d Includes remuneration paid to Messrs Sindel and Barnes for their tenure in Building Products roles prior to promotion into Corporate roles during YEM11.
e The termination benefit disclosed for Mr Sutcliffe includes $25,343 of annual leave already accrued and paid to him and $3,900 of long service leave accrued but not paid after he moved from the managing director to a NED role.
f Short Term Incentives for Mr Bertuch include the Enhanced STI accrued during YEM11. Termination benefits include the settlement paid in respect of forfeited shares previously held in the Cash Award Share Plan (CASP) along with severance and statutory entitlements in accordance with the terms of his employment contract. In addition to his termination benefit of $739,951 disclosed above he was paid an additional $228,221 of statutory entitlements already accrued.
g Short Term Incentives for Mr Gannon includes the Enhanced STI accrued during YEM11. In addition to his termination benefit of $792,269 he was paid an additional $89,403 of statutory entitlements already accrued.
h Short Term Incentives include the Enhanced STI paid to Mr Glasson; termination benefits represent the settlement paid in respect of forfeited shares previously held in the Cash Award Share Plan (CASP).

The CSR board is considering the following initiatives for implementation in YEM12:

- the PRP grant performance hurdle will be adjusted so that 50% of the grant is subject to the same relative TSR grant as previous PRP grants, and 50% of the grant is made subject to an Earnings Per Share performance hurdle. This adjustment is intended to continue to align with best practice and improve executives' line of sight over LTI reward outcomes.
- introduction of a new approach to implementation of a minimum CSR shareholding policy for CSR executives.

Detail of these initiatives will be disclosed in the YEM12 remuneration report.

IMPLICATIONS OF THE SALE OF SUCROGEN FOR REMUNERATION OF CSR EXECUTIVES

Due to the sale of the Sucrogen business, there were changes to several corporate executive roles within CSR. These are summarised below.

The employment tenure of departing Sucrogen executives was transferred from CSR to Wilmar, and as such there was no payment of redundancy, notice, statutory entitlements, or YEM11 STI plan payments to these executives at the time of the sale.

A retention plan related to the Sucrogen sale, the Enhanced STI Plan, was put in place in YEM11 only for five executives who were critical to the success of the sale process. Executives nominated to be included in this plan were expected to eventually be made redundant or leave the CSR group as a result of the transaction.

A capital return was paid to shareholders on 3 March 2011 as a result of the sale. As there was no payment of the capital return to holders of performance rights under the PRP, CSR sought, and received, shareholder approval to make a corresponding adjustment to the number of shares underlying the PRP that would be awarded should these grants vest in the future. This adjustment was made in order to ensure that PRP holders were not disadvantaged as a result of the capital return to shareholders.

EXECUTIVE CHANGES IN YEM11

Due to the sale of the Sucrogen business during YEM11, several changes occurred to CSR senior executive roles. In summary:

- Mr Rob Sindel joined the CSR board on 15 December 2010 and was promoted into the role of CEO and managing director, CSR, with effect from 1 January, 2011;
- Mr Jeremy Sutcliffe was appointed to the role of managing director on an interim basis on 1 April 2010 in order to oversee the completion of the sale of the Sucrogen business. Following completion of the sale transaction, Mr Sutcliffe's executive role ceased effective 31 December 2010. Mr Sutcliffe will continue to serve on the CSR board as an independent non-executive director;
- As a result of the sale, the role of Mr Shane Gannon, chief financial officer (of the pre-sale entity), was made redundant effective on 15 December 2010;
- Mr Greg Barnes, who commenced employment with CSR on 6 July 2009, was promoted to the role of chief financial officer for the post-sale CSR business, effective 15 December 2010;
- Following the sale of Sucrogen on 22 December 2010, Sucrogen employees were no longer employed by the CSR group. The CEO of Sucrogen, Mr Ian Glasson, continued in his role as part of the Wilmar Group from this date; and.
- Mr Chris Bertuch resigned as company secretary effective 6 April 2011, and his role was made redundant on 29 April 2011. Debbie Schroeder remains as company secretary of CSR Limited.

STATEMENT OF FINANCIAL PERFORMANCE

CSR LIMITED AND ITS CONTROLLED ENTITIES
YEAR ENDED 31 MARCH

($ MILLION)	CSR GROUP 2011	2010
Continuing operations		
Trading revenue – sale of goods	**1,913.6**	1,936.3
Cost of sales	**(1,323.0)**	(1,341.8)
Gross margin from continuing operations	**590.6**	594.5
Warehouse and distribution costs	**(184.2)**	(187.9)
Selling costs	**(159.9)**	(155.8)
Administration and other operating costs	**(62.1)**	(72.1)
Share of net profit of associates	**10.5**	10.8
Operating profit from continuing operations	**194.9**	189.5
Other income	**19.9**	34.4
Other expenses	**(222.3)**	(279.5)
Loss from continuing operations before finance and income tax	**(7.5)**	(55.6)
Interest income	**11.2**	1.4
Finance cost	**(68.2)**	(95.8)
Loss from continuing operations before income tax	**(64.5)**	(150.0)
Income tax benefit (expense) from continuing operations	**9.5**	(14.1)
Net loss from continuing operations	**(55.0)**	(164.1)
Net profit from discontinued operations [a]	**589.0**	88.8
Net profit (loss)	**534.0**	(75.3)
Net profit from continuing operations attributable to non-controlling interests	**23.0**	22.4
Net profit from discontinued operations attributable to non-controlling interests	**7.6**	14.0
Net profit attributable to non-controlling interests	**30.6**	36.4
Net loss from continuing operations attributable to shareholders of CSR Limited	**(78.0)**	(186.5)
Net profit from discontinued operations attributable to shareholders of CSR Limited	**581.4**	74.8
Net profit (loss) attributable to shareholders of CSR Limited	**503.4**	(111.7)
Net profit before significant items from continuing operations attributable to shareholders of CSR Limited	**90.2**	80.0
Net profit before significant items from discontinued operations attributable to shareholders of CSR Limited	**39.3**	93.4
Net profit before significant items attributable to shareholders of CSR Limited	**129.5**	173.4

(CENTS)	2011	2010
From continuing and discontinued operations		
Basic earnings per share – based on net profit (loss) attributable to shareholders of CSR Limited [b]	**99.6**	(24.5)
Diluted earnings per share – based on net profit (loss) attributable to shareholders of CSR Limited [b]	**99.6**	(24.5)
From continuing operations		
Basic earnings per share – based on net loss attributable to shareholders of CSR Limited [b]	**(15.4)**	(40.9)
Diluted earnings per share – based on net loss attributable to shareholders of CSR Limited [b]	**(15.4)**	(40.9)

a Discontinued operations relate to Sucrogen and Asian insulation businesses sold prior to 31 March 2011.

b Weighted number of ordinary shares on issue used in the calculation of earnings per share is 505.6 million (2010: 456.2 million). The 2010 amount has been restated for the 3:1 share consolidation completed on 3 March 2011.

STATEMENT OF FINANCIAL POSITION

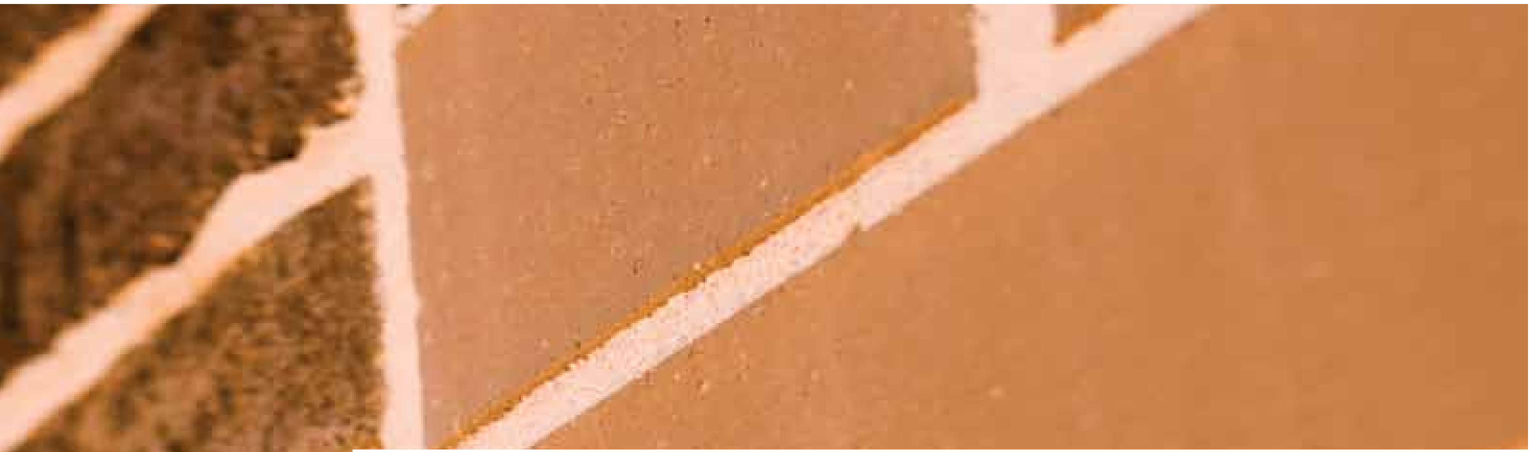
CSR LIMITED AND ITS CONTROLLED ENTITIES
AS AT 31 MARCH

	CSR GROUP	
($ MILLION)	**2011**	2010
Current assets		
Cash and cash equivalents	**143.6**	43.9
Receivables	**302.4**	491.9
Inventories	**281.9**	455.9
Other financial assets	**25.9**	82.9
Income tax assets	**–**	44.0
Other current assets	**8.5**	30.9
Total current assets	**762.3**	1,149.5
Non-current assets		
Receivables	**27.0**	29.1
Inventories	**17.6**	32.1
Investments accounted for using the equity method	**14.5**	33.4
Other financial assets	**5.8**	97.4
Property, plant and equipment	**1,134.5**	2,246.4
Goodwill	**13.8**	69.8
Other intangible assets	**32.1**	36.3
Deferred income tax assets	**194.7**	164.8
Other non-current assets	**13.7**	15.8
Total non-current assets	**1,453.7**	2,725.1
Total assets	**2,216.0**	3,874.6
Current liabilities		
Payables	**201.6**	408.0
Borrowings	**3.1**	25.6
Other financial liabilities	**7.1**	53.1
Tax payable	**19.7**	21.7
Provisions	**199.1**	229.3
Total current liabilities	**430.6**	737.7
Non-current liabilities		
Payables	**2.5**	0.6
Borrowings	**1.4**	785.2
Other financial liabilities	**1.8**	15.9
Provisions	**462.0**	471.2
Other non-current liabilities	**36.4**	45.8
Total non-current liabilities	**504.1**	1,318.7
Total liabilities	**934.7**	2,056.4
Net assets	**1,281.3**	1,818.2
Equity		
Issued capital	**1,042.2**	1,700.9
Reserves	**21.2**	31.5
Retained profits (losses)	**170.3**	(49.8)
Equity attributable to shareholders of CSR Limited	**1,233.7**	1,682.6
Non-controlling interests	**47.6**	135.6
Total equity	**1,281.3**	1,818.2

FIVE YEAR PERFORMANCE

YEAR ENDED 31 MARCH ($ MILLION) UNLESS STATED	2011[a]	2010	2009	2008	2007
Operating results					
Trading revenue	**3,344.5**	3,754.9	3,492.8	3,231.3	3,111.0
Earnings before interest and tax (EBIT)					
Building Products	**114.4**	115.0	117.9	147.6	84.5
Aluminium	**111.9**	123.5	110.7	136.7	141.9
Property	**14.6**	12.8	25.1	45.4	69.7
Sucrogen	**69.4**	135.7	83.7	71.7	130.1
Segment total	**310.3**	387.0	337.4	401.4	426.2
Corporate [b]	**(19.0)**	(18.6)	(17.0)	(18.4)	(20.3)
Restructuring and provisions	**(2.9)**	(4.3)	(0.3)	3.3	0.2
CSR EBIT	**288.4**	364.1	320.1	386.3	406.1
Net profit after tax (before significant items)	**129.5**	173.4	134.0	192.8	240.5
Net(loss)/profit after tax (after significant items)	**503.4**	(111.7)	(326.5)	177.4	273.3
Financial position					
Shareholders' funds	**1,281.3**	1,818.2	1,586.5	1,590.7	1,264.2
Total assets	**2,216.0**	3,874.6	4,188.4	4,099.2	2,938.0
Net (cash)/debt	**(139.1)**	766.9	1,189.4	1,236.7	448.6
Key data per share					
Earnings before significant items (cents) [c]	**25.6**	38.1	36.6	62.7	81.0
Earnings after significant items (cents) [c]	**99.6**	(24.5)	(89.1)	57.6	91.8
Dividend (cents) [c]	**41.6**[d]	25.5	22.5	45.0	45.0
Payout ratio (%)	**80.0**[e]	66.9	61.5	71.8	55.6
Key measures					
Profit margin (EBIT:trading revenue) (%)	**8.6**	9.7	9.2	12.0	13.1
Return on shareholders' funds (ROSF) (%) [f]	**10.6**	10.5	9.4	12.7	20.1
Gearing at 31 March (%) [f] (net debt/net debt plus equity)	**n/a**	30.1	43.3	43.0	25.3
Interest cover at 31 March (times)	**16.0**	9.3	5.5	7.4	15.4
Employees (number of people employed)	**3,925**	6,738	6,704	7,282	5,492

a Includes results from Sucrogen and Asian insulation businesses up to date of sale – 22 December 2010.
b Represents unallocated overhead and other revenues.
c Restated for the 3:1 share consolidation completed on 3 March 2011.
d Includes special dividend of 9.1 cents restated for 3:1 share consolidation.
e 2011 payout ratio on continuing operations.
f Restated to exclude the fair value of hedges from equity.



SHAREHOLDER INFORMATION

SHAREHOLDERS' TIMETABLE [a]	2011
CSR year end	31 March
Full year profit and final dividend announced	11 May
Annual Report, Notice of Meeting and Proxy Form released	7 June
Shares begin trading ex-dividend	7 June
Record date for final dividend	14 June
Final dividend paid	5 July
Proxy returns close 10.00 am Sydney	5 July
Annual General Meeting 10.00 am Melbourne	7 July
CSR half year end	30 September
Half year profit and half year dividend announced	9 November

a Timing of events is subject to change.

ANNUAL GENERAL MEETING

Annual General Meeting 10.00 am
Thursday 7 July 2011
The Skyline Room
Melbourne and Olympic Parks
Batman Avenue
Melbourne Victoria 3000

CORPORATE REPORTS

The CSR Shareholder Review, Annual Report and Sustainability Report are all available to view online or download, visit **www.csr.com.au**

REGISTRY INFORMATION

All inquiries and correspondence regarding shareholdings should be directed to CSR's share registry:
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